

FY2009, the year ending March 31, 2010

Flash Report on the Consolidated Results for the Interim Period Ended
September 30, 2009

November 9, 2009

Company Name: DAIICHIKOSHO CO., LTD.

Code Number: 7458

(URL <http://www.dkkaraoke.co.jp>)

Stock Exchange Listing: JASDAQ

Representative: Tadahiko Hoshi, Chairman and CEO

Contact: Shigeki Kobayashi, General Manager, Accounting Department, Administration Headquarters

Phone: (03) 3280-2151

Scheduled Date to Submit the Quarterly Securities Report: November 13, 2009

Start Date for Dividend Payment: December 7, 2009

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Interim Period Ended September 2009 (from April 1, 2009, to September 30, 2009)

(1) Consolidated operating results (cumulative) (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Interim Period ended September 2009	62,464	0.9	8,502	8.1	9,054	9.1
Interim Period ended September 2008	61,902	—	7,863	—	8,300	—

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Interim Period ended September 2009	5,683	12.4	84.36	—
Interim Period ended September 2008	5,058	—	73.33	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Interim Period ended September 2009	124,985	81,249	64.4	1,207.63
Year ended March 2009	124,295	79,331	63.3	1,165.60

(Reference) Shareholders' equity

Interim Period ended September 2009: ¥80,510 million

Year ended March 2009: ¥78,640 million

2. Dividend

	Dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 2009	—	0.00	—	45.00	45.00
Year ending March 2010	—	20.00			
Year ending March 2010 (forecast)			—	20.00	40.00

Note: Revision of dividend forecast during the period under review: Yes

3. Forecast Consolidated Performance for FY2009, the Year Ending March 31, 2010 (from April 1, 2009, to March 31, 2010)

(Percentage figures indicate increase/decrease from a year earlier)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ending March 31, 2010 (full year)	125,000	(0.1)	16,800	0.8	17,600	0.8

	Net income		Net income per share
	¥ Million	%	¥
Year ending March 31, 2010 (full year)	10,300	(5.4)	154.50

Note: Revision of forecast consolidated performance during the period under review: Yes

4. Other

- (1) Change in important subsidiaries during the period under review (Change in specific subsidiaries causing a change in the scope of consolidation): No
- (2) Adoption of simplified accounting methods and special accounting methods for quarterly consolidated financial statements: Yes
- (3) Change in accounting principals, procedure and presentation methods for preparation of quarterly consolidated financial statements (Items set forth in “Changes in important matters in preparing the quarterly consolidated financial statements”)
 - 1) Changes following a revision of accounting standards: No
 - 2) Other changes: No
- (4) Number of common shares issued
 - 1) Number of shares issued (including treasury stock):
 - Interim period ended September 2009: 67,470,596 shares
 - Year ended March 2009: 69,600,596 shares
 - 2) Number of shares of treasury stock:
 - Interim period ended September 2009: 802,586 shares
 - Year ended March 2009: 2,132,586 shares
 - 3) Average number of shares during the period:
 - Interim period ended September 2009: 67,372,711 shares
 - Interim period ended September 2008: 68,980,104 shares

* Explanation for the appropriate use of performance forecasts and other special notes:

1. The Company has revised its projections in the “Forecast Consolidated Performance” above for the year ending March 31, 2010, which were released on May 15, 2009.
2. The projections shown in this document are estimated based on information available as of the issue date of this report, and therefore the actual results for future periods could differ greatly from these forecast figures due to various unknown factors.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	Current interim period (As of September 30, 2009)	FY2008 (As of March 31, 2009) Condensed
Assets		
Current assets		
Cash and deposits	29,139	30,003
Notes and accounts receivable-trade	9,033	8,925
Inventories	4,523	4,778
Other	6,391	5,062
Allowance for doubtful accounts	(431)	(446)
Total current assets	48,657	48,321
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	7,452	7,537
Karaoke cabin and restaurant facilities, net	14,117	13,571
Land	18,349	18,463
Other, net	7,947	8,104
Total property, plant and equipment	47,867	47,677
Intangible assets	7,114	7,026
Investments and other assets		
Lease and guarantee deposits	13,280	13,332
Other	9,000	8,916
Allowance for doubtful accounts	(934)	(979)
Total investments and other assets	21,346	21,269
Total noncurrent assets	76,328	75,973
Total assets	124,985	124,295

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	Current interim period (As of September 30, 2009)	FY2008 (As of March 31, 2009) Condensed
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,603	4,214
Short-term loans payable	8,188	11,018
Income taxes payable	3,907	1,397
Provision for bonuses	1,561	1,167
Other	9,513	10,190
Total current liabilities	27,775	27,988
Noncurrent liabilities		
Long-term loans payable	9,364	10,178
Provision for retirement benefits	2,930	2,891
Provision for directors' retirement benefits	1,905	2,105
Negative goodwill	308	335
Other	1,452	1,464
Total noncurrent liabilities	15,960	16,975
Total liabilities	43,736	44,964
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	18,269	20,362
Retained earnings	51,855	49,207
Treasury stock	(987)	(2,094)
Total shareholders' equity	81,488	79,825
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(115)	(317)
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(84)	(90)
Total valuation and translation adjustments	(977)	(1,184)
Minority interests	739	690
Total net assets	81,249	79,331
Liabilities and net assets	124,985	124,295

(2) Quarterly Consolidated Statements of Income

Current interim period

(Millions of yen)

	Previous interim period (From April 1, 2008, to September 30, 2008)	Current interim period (From April 1, 2009, to September 30, 2009)
Net sales	61,902	62,464
Cost of sales	35,619	36,057
Gross profit	26,283	26,406
Selling, general and administrative expenses	18,419	17,904
Operating income	7,863	8,502
Non-operating income		
Interest income	127	92
Dividends income	38	37
Cooperative monetary aid received	180	234
Amortization of negative goodwill	27	27
Other	427	453
Total non-operating income	802	845
Non-operating expenses		
Interest expenses	176	139
Foreign exchange losses	100	58
Other	89	95
Total non-operating expenses	366	293
Ordinary income	8,300	9,054
Extraordinary income		
Gain on sales of noncurrent assets	16	9
Gain on sales of investment securities	7	0
Reversal of allowance for doubtful accounts	128	22
Indemnity of cancellation of leases	119	248
Reversal of loss on cancellation of a new business	148	—
Other	—	11
Total extraordinary income	420	291
Extraordinary loss		
Loss on disposal of noncurrent assets	216	202
Impairment loss	—	300
Loss on sales of investment securities	6	—
Loss on valuation of investment securities	305	—
Total extraordinary losses	528	503
Income before income taxes and minority interests	8,192	8,843
Income taxes-current	3,087	3,865
Income taxes-deferred	(45)	(757)
Total income taxes	3,041	3,107
Minority interests in income	92	51
Net income	5,058	5,683

(3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Previous interim period (From April 1, 2008, to September 30, 2008)	Current interim period (From April 1, 2009, to September 30, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,192	8,843
Depreciation and amortization	6,583	6,548
Impairment loss	—	300
Amortization of negative goodwill	(27)	(27)
Increase (decrease) in allowance for doubtful accounts	(213)	(60)
Increase (decrease) in provision for bonuses	405	394
Increase (decrease) in provision for directors' retirement benefits	79	(200)
Interest and dividends income	(166)	(130)
Interest expenses	176	139
Loss (gain) on disposal of noncurrent assets	199	193
Loss (gain) on valuation of investment securities	305	—
Decrease (increase) in notes and accounts receivable-trade	94	(95)
Decrease (increase) in inventories	(584)	295
Transfer of cost of sales on karaoke equipment for rental	362	217
Increase (decrease) in notes and accounts payable-trade	(20)	386
Other, net	506	(1,155)
Subtotal	15,891	15,649
Interest and dividends income received	165	131
Interest expenses paid	(176)	(137)
Income taxes paid	(3,644)	(1,445)
Net cash provided by (used in) operating activities	12,236	14,198
Net cash provided by (used in) investing activities		
Increase in time and saving deposits	(211)	(59)
Proceeds from decrease in time and saving deposits	162	110
Purchase of property, plant and equipment	(5,782)	(5,133)
Proceeds from sales of property, plant and equipment	113	22
Purchase of intangible assets	(1,896)	(1,819)
Payments for acquisition of video licenses	(593)	(534)
Proceeds from sales of investment securities	136	0
Payments of loans receivable	(165)	(93)
Collection of loans receivable	234	212
Payments for lease and guarantee deposits	(993)	(311)
Proceeds from collection of lease and guarantee deposits	403	234
Other, net	(35)	11
Net cash provided by (used in) investment activities	(8,630)	(7,360)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	394	(45)
Proceeds from long-term loans payable	1,840	2,560
Repayment of long-term loans payable	(5,311)	(6,158)
Cash dividends paid	(1,730)	(3,026)
Purchase of treasury stock	(972)	(984)
Other, net	(4)	(6)
Net cash provided by (used in) financing activities	(5,783)	(7,661)
Effect of exchange rate change on cash and cash equivalents	(134)	11
Net increase (decrease) in cash and cash equivalents	(2,312)	(812)
Cash and cash equivalents at beginning of period	28,300	29,584
Cash and cash equivalents at end of period	25,988	28,771

(Segment Information)**a. Business segments**

Previous interim period (From April 1, 2008, to September 30, 2008)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin and restaurant	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales							
(1) Sales to third parties	30,578	19,518	6,499	5,306	61,902	—	61,902
(2) Intersegment sales and transfers	129	—	85	416	632	(632)	—
Total	30,707	19,518	6,585	5,723	62,534	(632)	61,902
Operating income	5,242	2,384	1,011	815	9,453	(1,589)	7,863

Current interim period (From April 1, 2009, to September 30, 2009)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin and restaurant	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales							
(1) Sales to third parties	30,452	19,815	6,935	5,260	62,464	—	62,464
(2) Intersegment sales and transfers	148	—	96	429	674	(674)	—
Total	30,601	19,815	7,031	5,689	63,138	(674)	62,464
Operating income	5,873	2,520	955	759	10,108	(1,605)	8,502

b. Geographical segments

Previous interim period (From April 1, 2008, to September 30, 2008) and
Current interim period (From April 1, 2009, to September 30, 2009)

As sales in Japan account for more than 90% of the sum of sales in each region of the respective geographical segments, the segment information by geographical region is omitted.

c. Overseas sales

Previous interim period (From April 1, 2008, to September 30, 2008) and
Current interim period (From April 1, 2009, to September 30, 2009)

As sales overseas account for less than 10% of consolidated net sales, overseas sales-related information is omitted.